



# **San Diego City Attorney MICHAEL J. AGUIRRE**

## **NEWS RELEASE**

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**Contact: Maria Velasquez, Communications Director: (619) 235-5725** (pager & voicemail) [mvelasquez@saniego.gov](mailto:mvelasquez@saniego.gov)

### **CITY ATTORNEY URGES CITY COUNCIL TO REVOKE ITS AGREEMENT TO INDEMNIFY CITY RETIRMENT BOARD MEMBERS**

**San Diego, CA:** San Diego City Attorney Michael Aguirre is asking the Mayor and City Council to rescind its 2002 agreement to defend, indemnify and hold harmless the members of the San Diego City Employees' Retirement System (SDCERS) for their approval of the City Manager's Proposal II (MPII) that permitted the underfunding of the pension system in return for expanded benefits. The City Attorney is requesting that the Mayor docket the item for discussion as soon as possible.

"They ignored clear warnings and abandoned their fiduciary duties when they agreed to underfund the pension at the request of the City Council in return for additional benefits," said City Attorney Michael Aguirre. "In light of what is now known about the massive fraud to underfund the city's employee pension fund, San Diego taxpayers should not have to bear the financial brunt of what indemnification could bring."

On July 11, 2002, SDCERS approved MP II with the condition that SDCERS would receive a written agreement indemnifying the Board of any claim or lawsuit that may come about as a result of their action. On November 18, 2002 the City Council passed a resolution granting SDCERS that indemnification.

On Tuesday, the District Attorney's Office filed felony charges against five former City board members and one current board member of SDCERS. Ronald Saathoff, John A. Torres, Sharon Wilkinson, Mary Vattimo and Terri Webster have each been charged with three felony counts of Government Code Section 1090 which states that "city officers or employees shall not be financially interested in any contract made by them in their official capacity or by anybody or board of which they are members." Cathy Lexin has been charged with two felony counts.

On April 8 the City Attorney released his findings into the City's employee pension fund which is underfunded by \$1.4 billion. The City Attorney's Interim Report #3 concluded that SDCERS board members abandoned their fiduciary duties when they agreed to underfund the pension at the request of the City Council in return for expanded benefits. The District Attorney's Office cited the City Attorney's investigative reports as part of its over-all investigation which led to the felony charges.

This afternoon, the City Attorney will appear before the SDCERS Board to ask them to waive their attorney-client privilege, as well as to discontinue any additional payments of legal fees for the six City SDCERS Board members who have been charged by the District Attorney.

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